

Grantee: Avondale City, AZ

Grant: B-11-MN-04-0501

July 1, 2011 thru September 30, 2011 Performance Report



Grant Number:

B-11-MN-04-0501

Obligation Date:**Award Date:****Grantee Name:**

Avondale City, AZ

Contract End Date:

03/09/2014

Review by HUD:

Reviewed and Approved

Grant Amount:

\$1,224,903.00

Grant Status:

Active

QPR Contact:

Sandy Lopez

Estimated PI/RL Funds:

\$0.00

Total Budget:

\$1,224,903.00

Disasters:

Declaration Number

No Disasters Found

Narratives

Summary of Distribution and Uses of NSP Funds:

The City of Avondale is submitting to the U.S. Department of Housing and Urban Development (HUD), Phoenix office this amendment to its 2010/2011 Annual Action Plan for the purpose of requesting \$1,224,903 in Neighborhood Stabilization Program (NSP3) funds. The City of Avondale proposes to use NSP3 funds to redevelop foreclosed homes and residential properties within the City of Avondale in areas which have been identified as having the greatest need. In order to identify which neighborhoods are most vulnerable and stimulate recovery and stabilization, Avondale conducted its needs assessment at the neighborhood level. To make this determination, data was gathered from various sources including HUD Data Sets, the HUD Mapping Tool, PolicyMap.org, Trulia.com, Realtytrac and Information Market, a real estate data provider. The information was then analyzed to define the areas of greatest need based on the following criteria: 1) number/percentage of foreclosed homes; 2) number/percentage of subprime loans as determined by high interest rates; 3) number/percentage of delinquent mortgages; 4) HUD needs scores; 5) location of blighted foreclosed homes; and 6) areas where greater than 50% of the households earn less than 120% of the HUD Area Medium Income (AMI). The targeted areas were selected at the neighborhood level, within four census tracts, based on the above criteria and have a combined HUD index score of 18.94. These neighborhoods were identified as those most likely to face a significant rise in the rate of home foreclosures. The Neighborhood ID Numbers as provided by the HUD Mapping Tool are as follows: 1198028, 9123291, 1112884, 2003601, 4133300, and 1132659.

The City of Avondale proposes to use the funds within the targeted areas to carry out the following activities; \$673,697 (55%) to be used for Acquisition, Rehabilitation and Sale of Homes including direct homeownership assistance to buyers with household incomes between 51% - 120% Area Median Income (AMI); \$306,226 (25%) to be used for Acquisition, Rehabilitation and Sale of Homes including direct homeownership assistance to buyers with household incomes at or below 50% AMI - this activity will satisfy the statutory requirement for the LH 25% set-aside; \$122,490 (10%) to be used for acquisition and demolition of one blighted, vacant and foreclosed property; and \$122,409 (10%) to be used for administration.

Public Comment Period:

The City of Avondale published a draft of this amendment on its website for the required 15-day public comment period beginning on February 4, 2011 and extending through February 20, 2011. On February 4, 2011 the City of Avondale published a display advertisement in the West Valley View describing the NSP3 Program, detailing the City's proposed use of NSP3 funds, where a printed copy of the NSP3 Amendment could be obtained for review and inviting comments on the NSP3 Amendment. The City also involved the Neighborhood and Family Services Commission in the development of the amendment. No comments were received from the general public.

How Fund Use Addresses Market Conditions:

Avondale is the product of the housing boom with housing units nearly doubling in a matter of approximately five years. When the housing market crashed, the effect on Avondale was severe as many homes were lost to foreclosure with some subdivisions experiencing foreclosure rates as high as 21%. Oversupply followed by foreclosures caused housing values to plunge even further thereby accelerating more foreclosures. The consequences of which have threatened to undermine the stability of many Avondale neighborhoods for the last few years. In part, as a result of the efforts made through the use of the first round of NSP funding, many of these subdivisions have realized a decrease in their foreclosure rate, however; there is still work to be done to stabilize the neighborhoods hardest hit. Of the 21,318 single family housing units in Avondale, 558 (2.62%) are in foreclosure and an additional 1,101 (5.16%) are pending foreclosure. While Avondale has realized a dip in foreclosures from the peak of the crisis, there remains a substantial amount of bank owned properties and foreclosure starts throughout the city. Many subdivisions are still experiencing combined foreclosure/pre-foreclosure rates over 11%. Additionally, rental vacancies are also high at approximately 12% while home sales have remained steady for the last 3 months at over 500 per month. With steady home sales, a



median purchase price of \$106,000, most homes virtually new and new amenities and infrastructure in place, the Avondale market is both affordable and attractive for the potential homebuyer. Due to this attractive and steady buyers' market and given the rental vacancy rate, the city will focus its efforts on furthering the impact that was made with the first round of NSP funding by creating more owner occupied housing, ensuring continued affordability and serving as a catalyst to stabilizing the City's neighborhoods. As a secondary strategy those homes which are acquired and rehabilitated that do not sell after having been on the market for nine months will be converted to affordable rental until which time the market will allow for resale.

Ensuring Continued Affordability:

Continued affordability for NSP3 assisted projects will be ensured by adhering to the HOME program standards at 24 CFR Part 92, as appropriate for each activity. Homebuyer assistance will be provided as a no-interest, soft-second mortgage that is due upon sale; refinance, if refinance does not result in a lower monthly payment or if there is any cash out; or if the home is no longer the primary residence of the owner. The City shall be listed as the beneficiary for all loans. All down payment loans will be secured by a Promissory Note and Deed of Trust recorded against the assisted property. The City will ensure affordability through a 100% recapture of down payment assistance funds to be used to assist subsequent qualified low, moderate and middle income households.

Definition of Blighted Structure:

Residential structures which exhibit objectively determinable signs of deterioration and constitute a serious and growing menace, injurious and inimical to the public health, safety and welfare of the residents of the Avondale and the existence of this property contributes substantially and increasingly to the spread of disease and crime, necessitating excessive and disproportionate expenditures of public funds for the preservation of the public health and safety.

Definition of Affordable Rents:

Avondale will comply with HOME rent limits as described in 24 CFR 92.252 and in accordance with the Neighborhood Stabilization Program requirements as follows: the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area as determined by HUD, with adjustments for number of bedrooms in the unit.

Housing Rehabilitation/New Construction Standards:

All NSP assisted residential properties will be rehabilitated to the extent necessary to comply with applicable laws, codes, and other requirements. Rehabilitation will address all issues relating to housing safety, quality, and health, in order to sell or rent the assisted homes. Avondale will use the Minimum Basic Housing Rehabilitation Standards adopted by the Maricopa County HOME Consortium as the minimum standard for all rehabilitation activities. Additionally, Avondale will strive to include improvements that result in increased energy efficiency, where feasible. Energy efficient improvements made will be cost effective, further ensure long term affordability, increase homeowner sustainability and improve the overall appeal of the assisted home and neighborhood by replacing older obsolete products and appliances with Energy Star-46 and WaterSense labeled products.

Vicinity Hiring:

The City of Avondale and/or its sub-recipients will include in its requests for bids their preference to provide, to the greatest extent feasible, hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of the project(s).

Procedures for Preferences for Affordable Rental Dev.:

An analysis of home prices within Avondale's areas of greatest need supports that home prices are currently affordable, home sales remain steady, and rental vacancies are high at over 12%. There are currently no available eligible multi-family properties thus a rental program would require a single family scattered site approach. Through Avondale's homebuyer assistance program, funded by the first round of NSP, 60% of the renter households succeeded in lowering their monthly housing cost an average of 20% by purchasing. Furthermore, reasonable access to transit, employers and services, coupled with a pipeline of eligible and interested homebuyers demonstrate a strong probability for a successful homebuyer assistance program. Many Avondale neighborhoods have from 5% to as high as 17% rentals; this number is believed to be higher as these percentages only account for those homes which are registered with the Maricopa County's Assessor's Office as rental properties. There also seems to be a correlation between those neighborhoods determined to have the greatest need and those with the higher percentages of rental properties. Based on this, Avondale will strive to increase the number of units that are owner-occupied to provide a more significant impact of stability for the neighborhood overall; however, Avondale will, as a secondary strategy, acquire and rehabilitate homes that may be converted to affordable rentals provided an owner-occupant is not identified within a reasonable amount of time.

Grantee Contact Information:

PRIMARY:

Ms. Gina Montes, Director - Neighborhood and Family Services Department
1007 South Third Street
Avondale, AZ 85323
623-333-2700
gmontes@avondale.org

SECONDARY:

Ms. Sandy Lopez, CDBG Program Manager
623-333-2700
slopez@avondale.org



Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$5,024,903.00
Total Budget	\$0.00	\$1,224,903.00
Total Obligated	\$0.00	\$0.00
Total Funds Drawdown	\$0.00	\$0.00
Program Funds Drawdown	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$8,538.38
Match Contributed	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$183,735.45	\$0.00
Limit on Admin/Planning	\$122,490.30	\$0.00
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$122,490.30	\$122,490.00

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$306,225.75	\$306,226.00

Overall Progress Narrative:

The city continues to seek out eligible properties for demolition and is in the process of procuring an agency to provide homebuyer education and counseling services. General administration is on going.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, Homebuyer Assistance up to 120% AMI	\$0.00	\$673,697.00	\$0.00
2, Homebuyer Assistance (LH25)	\$0.00	\$306,226.00	\$0.00



3, Acquisition and Demolition	\$0.00	\$122,490.00	\$0.00
4, Administration	\$0.00	\$122,490.00	\$0.00



Activities

Grantee Activity Number:	1
Activity Title:	Homebuyer Assistance

Activity Category:

Homeownership Assistance to low- and moderate-income

Project Number:

1

Projected Start Date:

05/01/2011

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LMMI

Activity Status:

Planned

Project Title:

Homebuyer Assistance up to 120% AMI

Projected End Date:

04/30/2014

Completed Activity Actual End Date:

Responsible Organization:

City of Avondale

Overall	Jul 1 thru Sep 30, 2011	To Date
Total Projected Budget from All Sources	N/A	\$673,697.00
Total Budget	\$0.00	\$673,697.00
Total Obligated	\$0.00	\$0.00
Total Funds Drawdown	\$0.00	\$0.00
Program Funds Drawdown	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$0.00
City of Avondale	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

Avondale will enter into contracts with one or more non-profit agencies (Agencies) to operate a homeownership program (the Program). The Program will provide the resources necessary to convert vacant foreclosed single-family properties into new homeownership opportunities for moderate and middle income persons with household incomes up to 120% AMI. The Agency (s) may perform the following activities in the conduct of the Program: 1) acquisition; 2) rehabilitation; 3) down payment and closing cost assistance for the buyer; and 4) resale of property.

Approximately thirty (30) foreclosed properties will be converted to owner-occupied homes in the NSP3 targeted areas. Homes will be purchased by the Agency (s) or homeowners (with homeownership assistance) from the banks at a discount of at least 1% below the current market appraised value for individual properties.

Each homeowner will be required to complete an 8-hour homebuyer education class provided by a HUD approved counseling agency, one-on-one housing counseling and occupy the home as their primary residence. Homebuyers will obtain a mortgage loan from the lender of their choice provided the lender agrees to comply with the NSP program policies and bank regulators guidance for non-traditional mortgages and must be 30-year fixed mortgages at prevailing rates. Debt to income ratios will not be allowed to exceed 30% for the house payment and 43% total debt. Monetary assistance will be in the form of a no-interest, no-payment soft second mortgage for the amount of the down payment assistance to be recaptured at 100% at the time of sale, refinance (if interest rate and monthly payment are not reduced) or at which time the home is no longer the primary residence of the homebuyer. Closing costs or rehabilitation funds will be in the form of a grant.

Homes acquired by the agency will be sold to moderate-middle income persons at a price no greater than the cost of acquisition and rehabilitation (including delivery costs) or at a 1% discount of the current market appraised value; whichever is lower. Each homeowner will have the same requirements of those receiving direct homeownership assistance. Monetary

assistance provided will be in the form of a no-interest, no-payment, soft second mortgage which will be recaptured 100% at the time of sale, refinance or at which time the home is no longer the homeowners primary residence. Homes acquired and rehabilitated by the agency that remain unsold after having been on the market for nine months will be used for affordable rental properties until which time the market will allow for resale to a low-moderate-middle income buyer. Recaptured funds will be used to assist subsequent Homebuyers for the purpose of meeting the long term affordability provisions of the HOME Program as stipulated in 24 CFR 91.254.

Eligible Use B: Acquisition and Rehabilitation

Correlating CDBG Activity: 24 CFR570.201 (a) Acquisition (b) Disposition (i) Relocation (n) Direct Homeownership assistance as modified by NSP. 24 CFR 570.202 eligible rehabilitation and Preservation activities for homes and other residential properties that may include counseling for those seeking to take part in the activity.

Location Description:

This activity will be targeted to the neighborhoods identified on the NSP3 Targeted Neighborhoods Map which were identified as being those with the greatest need.

Activity Progress Narrative:

This program is on hold until a HUD certified housing counseling agency has been procured to provide these services. Program is expected to be available before the end of the calendar year.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
Private Financing	\$3,300,000.00
Total Other Funding Sources	\$0.00

Grantee Activity Number:	2
Activity Title:	Homebuyer Assistance 50% AMI

Activity Category:

Homeownership Assistance to low- and moderate-income

Project Number:

2

Projected Start Date:

05/01/2011

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Planned

Project Title:

Homebuyer Assistance (LH25)

Projected End Date:

04/30/2014

Completed Activity Actual End Date:
Responsible Organization:

City of Avondale

Overall	Jul 1 thru Sep 30, 2011	To Date
Total Projected Budget from All Sources	N/A	\$306,226.00
Total Budget	\$0.00	\$306,226.00
Total Obligated	\$0.00	\$0.00
Total Funds Drawdown	\$0.00	\$0.00
Program Funds Drawdown	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$0.00
City of Avondale	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

Avondale will enter into contracts with one or more non-profit agencies (Agencies) to operate a homeownership program (the Program). The Program will provide the resources necessary to convert vacant foreclosed single-family properties into new homeownership opportunities for low income households with incomes up to 50% AMI. This program will be operated in conjunction with Activity 1: Acquisition/Rehabilitation/Resale and Homebuyer Assistance of Households at or below 120% AMI and will meet or exceed the 25% set-aside for low-income housing.

Approximately five (5) foreclosed properties will be converted to owner-occupied homes in the NSP3 targeted areas. Homes will be purchased by the Agency (s) or homeowners (with homeownership assistance) from the banks at a discount of at least 1% below the current market appraised value for individual properties.

Each homeowner will be required to complete an 8-hour homebuyer education class provided by a HUD approved counseling agency, one-on-one housing counseling and occupy the home as their primary residence. Homebuyers will obtain a mortgage loan from the lender of their choice provided the lender agrees to comply with the NSP program policies and bank regulators guidance for non-traditional mortgages and must be 30-year fixed mortgages at prevailing rates. Debt to income ratios will not be allowed to exceed 30% for the house payment and 43% total debt. Monetary assistance will be in the form of a no-interest, no-payment soft second mortgage for the amount of the down payment assistance to be recaptured at 100% at the time of sale, refinance (if interest rate and monthly payment are not reduced) or at which time the home is no longer the primary residence of the homebuyer. Closing costs or rehabilitation funds will be in the form of a grant.

Homes acquired by the agency will be sold to low-moderate-middle income persons at a price no greater than the cost of acquisition and rehabilitation (including delivery costs) or at a 1% discount of the current market appraised value; whichever is lower. Each homeowner will have the same requirements of those receiving direct homeownership assistance. Monetary assistance provided will be in the form of a no-interest, no-payment, soft second mortgage which will be recaptured 100% at the time of sale, refinance or at which time the home is no longer the homeowners primary residence. Homes acquired and rehabilitated by the agency that remain unsold after having been on the market for nine months will be used for affordable rental properties until which time the market will allow for resale to a low-moderate-middle income buyer.

Recaptured funds will be used to assist subsequent Homebuyers for the purpose of meeting the long term affordability provisions of the HOME Program as stipulated in 24 CFR 91.254.

Eligible Use B: Acquisition and Rehabilitation

Correlating CDBG Activity: 24 CFR 570.201 (a) Acquisition (b) Disposition (i) Relocation (n) Direct Homeownership assistance as modified by NSP. 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties that may include counseling for those seeking to take part in the activity.

Location Description:

This activity will be targeted to the neighborhoods identified on the NSP3 Targeted Neighborhoods Map which were identified as being those with the greatest need.

Activity Progress Narrative:

This program is on hold until a HUD certified housing counseling agency is procured to provide these services. It is anticipated that the program will be available before the end of the calendar year.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
Private Financing	\$500,000.00
Total Other Funding Sources	\$0.00

Grantee Activity Number:	3
Activity Title:	Acquisition and Demolition

Activity Category:

Clearance and Demolition

Project Number:

3

Projected Start Date:

05/01/2011

Benefit Type:

Area ()

National Objective:

NSP Only - LMMI

Activity Status:

Planned

Project Title:

Acquisition and Demolition

Projected End Date:

04/30/2014

Completed Activity Actual End Date:
Responsible Organization:

City of Avondale

Overall	Jul 1 thru Sep 30, 2011	To Date
Total Projected Budget from All Sources	N/A	\$122,490.00
Total Budget	\$0.00	\$122,490.00
Total Obligated	\$0.00	\$0.00
Total Funds Drawdown	\$0.00	\$0.00
Program Funds Drawdown	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$0.00
City of Avondale	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

Avondale proposes to acquire and demolish one (1) vacant, blighted and/or foreclosed property. Avondale will not demolish low-moderate income dwelling units thus no resident displacement or relocation will occur.

This activity will be targeted to the low-income neighborhoods of Old Town, Cashion, Las Ligas or Rio Vista. These areas have the highest number of blighted vacant and/or foreclosed homes, the highest percentage of homes financed by a subprime mortgage loan and are likely to face a continued rise in the rate of home foreclosures. Properties will be purchased at a discount of at least 1% below the current market appraised value. Following demolition Avondale will hold and maintain the property for a period not to exceed ten years with an end use of developing housing for low-moderate income persons.

Avondale will provide assistance to the owner of rental property in the form of a no-interest, soft-second loan. The soft-second loan will be secured by placing a lien on the assisted property by recording a Deed of Trust with the Maricopa County Records Office. The Deed of Trust will specify that the assistance will be forgiven over the period of time that corresponds to the affordability periods. If the property fails to be operated as an affordable property the outstanding balance of the loan will be due and payable and recaptured by the City of Avondale on a prorated.

Following demolition Avondale will reuse the acquired land to develop housing for low-moderate income persons (&le80%AMI) pursuant to 24 CFR 570.208 (3) or public facilities in low-income areas (&le51% of households are &le80% AMI) pursuant to 24 CFR 570.201 (c). NSP subsidies for new rental housing will be provided as a no-interest, soft second loan to the owners of the rental housing and due and payable if compliance with the affordability periods stipulated in 24 CFR Part 91.252 is not met.

Assistance to homeowners will be in the form of a no-interest, soft second mortgage which will be recaptured 100% at the time of sale or refinance of the home. Recaptured funds will be used to assist a subsequent Homeowner for the purpose of meeting long term affordability provisions of the HOME Program as stipulated in 24 CFR 91.254.

Avondale will, to the greatest extent feasible, give preference to Section 3 businesses and will require that contractors provide opportunities for Section 3 residents should the project result in the need for new hires.

Eligible Use D: Demolition

Correlating CDBG Activity: 24 CFR 570.201 (d) Clearance for blighted structures only; 24 CFR 570.201 (a) Acquisition; 24 CFR 570.208 (3) Housing.

Location Description:

This activity will be targeted to the neighborhoods identified on the NSP3 Targeted Neighborhoods Map which were identified as being those with the greatest need.

Activity Progress Narrative:

The City's Revitalization Manager is seeking out eligible properties for this activity.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	0/1

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	0/1
# of Singlefamily Units	0	0/1

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number:	4
Activity Title:	Administration

Activity Category:

Administration

Project Number:

4

Projected Start Date:

10/19/2010

Benefit Type:

()

National Objective:

N/A

Activity Status:

Under Way

Project Title:

Administration

Projected End Date:

04/30/2014

Completed Activity Actual End Date:
Responsible Organization:

City of Avondale

Overall
Total Projected Budget from All Sources
Jul 1 thru Sep 30, 2011

N/A

To Date

\$122,490.00

Total Budget

\$0.00

\$122,490.00

Total Obligated

\$0.00

\$0.00

Total Funds Drawdown

\$0.00

\$0.00

Program Funds Drawdown

\$0.00

\$0.00

Program Income Drawdown

\$0.00

\$0.00

Program Income Received

\$0.00

\$0.00

Total Funds Expended

\$0.00

\$8,538.38

City of Avondale

\$0.00

\$8,538.38

Match Contributed

\$0.00

\$0.00

Activity Description:

General administration of all NSP3 funded activities.

Correlating CDBG Activity: 24 CFR 570.205 and 206 as amended by NSP to allow 10% of grant for administration.

Location Description:

City of Avondale.

Activity Progress Narrative:

General grant administration is on going.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	
